THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The National Housing Bank (NHB) is one of the few financial institutions in the country that is supporting housing in rural as well as urban areas by way of loans to Micro Finance Institutions (MFIs). The success of NHB's initiative in the area of micro-finance for housing is expected to pave the way for other institutions to enter the market, thereby resulting in expansion of the housing market.

(b) As part of its own initiative, the NHB has lent an MFI operating in Tamil Nadu and adjacent areas for undertaking housing for its members. The Hon'ble Finance Minister had presided over the function held in Karaikudi, Tamil Nadu on 14.06.2008 to inaugurate the lending programmme of the MFI operating in Tamil Nadu.

(c) and (d) NHB's initiative in Housing Micro-Finance is of comparatively recent origin. The Scheme being in nascent stage has yet to be evaluated for extension to other MFIs in the country.

Strengthening of micro-finance sector

373. DR. T. SUBBARAMI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the Planning Commission in a report on strengthening the micro-finance sector has pointed out that there is an urgent need for the Centre to come out with a national policy on micro-finance with a view to financially empower the Below Poverty Line (BPL) families and reduce overall poverty in the country and evolve a coordinated strategy for a faster and smoother growth of the sector;

(b) if so, whether Government has considered the panel report recommendation; and

(c) if so, by what time final decision is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Report of the Steering Committee on Microfinance and Poverty Alleviation (May 2007), constituted under the Chairmanship of Shri Anwarul Hoda, Member, Planning Commission, recommended the need for a concerted effort on the part of the various agencies and the service providers involved in the sector of microfinance to come together to evolve a coordinated strategy for a faster and smoother growth of the sector.

The Government has already taken a number of steps for financial empowerment of Below Poverty Line farmers and other poor people. The constitution of the Financial Inclusion Fund (FIF) for meeting the cost of promotional and developmental interventions and the Financial Inclusion Technology Fund (FITF) for meeting the cost of technology adoption, with an overall corpus of Rs. 500 crore each, are steps in that direction.

Further, the Government, in recent years, have also initiated several measures in consultation with RBI and NABARD for financial empowerment of poor people. Banks have been instructed to achieve financial outreach through opening of "No Frills" accounts with limited overdraft facilities, to extend financial outreach by utilizing services of Civil Society Organisation

like Farmers Clubs, NGOs, Post Offices on the lines of Business Facilitator/ Business Correspondent Model and to finance oral lessees and landless agricultural labourers through the Self Help Group and Joint Liability Group approach, etc.

Besides, pursuant to the announcement in the Union Budget 2008-09, Government has advised Indian Banks' Association to suitably advise the commercial banks to add at least 250 rural household accounts every year at each of their rural and semi-urban branches.

Common VAT rate

374. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether State Governments have decided to evolve a common Value Added Tax (VAT) rate;

(b) whether the empowered committee of State Finance Ministers that discussed the issue at its last meeting set up an Expert Group to look into the VAT structure and deviations in rates that existed across the States;

(c) whether the Committee has already submitted its recommendations;

(d) if so, the details of the same and what are the recommendations made; and

(e) by when they are likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) At the time of introduction of VAT in most States from 01.04.2005, the Empowered Committee of State Finance Ministers (EC) had recommended 12.5% as the standard rate for VAT, with 4% as the lower rate for certain commodities. Special rate of 1% has been recommended for commodities like gold, silver and platinum ornaments, precious stones and bullion. Certain commodities like petroleum products, liquor, etc. have been kept out of the purview of VAT with floor rate of 20%. These rates relate to VAT in the various States, coming under the purview of the respective State Legislatures.

(b) It is reported that the Empowered Committee of State Finance Ministers discussed the issue of deviations and industrial incentives in its meeting held on 21st June, 2008 and decided to constitute a committee of Principal Secretaries / Secretaries (Finance/Taxation) and Commissioners of Trade Taxes to look in to the various issues related to the deviations in rate that existed across the States.

(c) to (e) The said Committee has been appointed by the Empowered Committee of States Finance Ministers and the Government of India. The report has also to be submitted to the Empowered Committee and not the Central Government. Any action on the recommendation has to be taken by the respective State and not the Central Government. It is understood from the Empowered Committee that the Committee has not submitted any report to the EC on the issue of deviations in VAT rates from State to State.